

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

REGULATION NO. 61-15

CERTIFICATION OF NEED FOR HEALTH FACILITIES AND SERVICES

Compiled by

Division of Planning and Certification of Need

Bureau of Health Facilities and Services Development

South Carolina Department of Health and Environmental Control

C. Earl Hunter, Commissioner

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Through Section 44-7-340, as Amended

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Promulgated pursuant to Section 44-7-110 through Section 44-7-340 of the Code of Laws of South Carolina, as amended.

CHAPTER 1 - PURPOSE, APPLICABILITY AND DEFINITIONS

Section 101. Purpose:

The purpose of these Regulations is to promote cost containment, prevent unnecessary duplication of health care facilities and services, guide the establishment of health facilities and services which will best serve public needs, and ensure that high quality services are provided in health facilities in this State.

Section 102. Applicability:

1. A person or health care facility as defined in this Regulation is required to obtain a Certificate of Need from the Department of Health and Environmental Control before undertaking any of the following:

- a. The construction or other establishment of a new healthcare facility;
- b. A change in the existing bed complement of a health care facility through the addition of one or more beds or change in the classification of licensure of one or more beds;
- c. An expenditure by or on behalf of a health care facility in excess of \$2,000,000 which, under generally acceptable accounting principles consistently applied, is considered a capital expenditure except those expenditures exempted in Section 104. The cost of any studies, surveys, designs, plans, working drawings, specifications, and other activities essential to the development, acquisition, improvement, expansion, or replacement of any plant or equipment must be included in determining if the expenditure exceeds the prescribed amount;
- d. A capital expenditure by or on behalf of a health care facility which is associated with the addition or substantial expansion of a health service for which specific standards or criteria are prescribed in the State Health Plan;

- e. If no capital expenditure is made, the offering of any health service by or on behalf of a health care facility which has not been offered by the facility in the preceding twelve months and which has an annual operating cost in excess of \$1,000,000 and for which specific standards or criteria are prescribed in the State Health Plan. For purposes of this section, operating costs include expenditures incurred by the health care facility and any person or other entity on behalf of the health care facility to establish a new service. A person or other entity shall not be allowed to incur costs thereby attempting to enable a health care facility to avoid Certificate of Need review and establish a new service as described above;
- f. The acquisition of medical equipment which is to be used for diagnosis or treatment if the total project cost is in excess of \$600,000;
- g. The acquisition or change in ownership or in controlling interest of a health care facility or entity owning a health care facility directly or indirectly by purchase, lease, gift, donation, sale of stock, or comparable arrangement if the acquisition or change in ownership or controlling interest may result in an increase in depreciation or interest cost to the facility, or lease cost greater than depreciation and interest cost added together, or increase in government-sponsored reimbursement. If the acquisition does not result in increased depreciation or interest cost or government-sponsored reimbursement, the facility must request an exemption in writing from the department; the facility must provide a current and projected budget which shows the impact of this transaction. The South Carolina Department of Health and Human Services will be notified of any exemption or Certificate of Need issued for the change of controlling interest of a nursing home;
- h. The acquisition of an existing health care facility by a person who has failed to notify the Department and seeks an exemption prior to entering into a contractual arrangement to acquire an existing facility;
- i. An expenditure or financial obligation made in preparation for the offering or developing of a project which requires certification of need pursuant to this section if the expenditure or financial obligation is in excess of \$4,000,000.

2. Common practice and common sense must govern in determining what is considered to be a single expenditure. An applicant should not be allowed to split what is really one expenditure into two or more for the purpose of avoiding review. The Department should not be allowed to lump projects together arbitrarily to bring them under review.

3. When any question exists, a potential applicant shall forward a letter requesting a formal determination by the Department as to the applicability of the certificate of need requirements to a particular project. Such a letter shall contain a detailed description of the project including the extent of modifications, changes in services and total costs. Additional information may be requested as may be reasonably necessary to make such applicability determination. The Department shall respond within sixty days of receipt of the necessary information.

Section 103. Definitions:

1. Affected person means the applicant, a person residing within the geographic area served or to be served by the applicant, persons located in the health service area in which the project is to be located and who provide similar services to the proposed project, persons who before receipt by the Department of the proposal being reviewed have formally indicated an intention to provide similar services in the future, persons who pay for health services in the health service area in which the project is to be located and who have notified the Department in writing of their interest in Certificate of Need applications, the State Consumer Advocate and the State Ombudsman. Persons from another state who would otherwise be considered "affected persons" are not included unless that state provides for similar involvement of persons from South Carolina in its Certificate of Need process.

2. Ambulatory surgical facility means a facility organized and administered for the purpose of performing surgical procedures for which patients are scheduled to arrive, receive surgery, and be discharged on the same day. The owner or operator makes the facility available to other providers who comprise an organized professional staff.

3. Arrangement for financing means a financial commitment, i.e. enforceable contract.

4. Board means the State Board of Health and Environmental Control.

5. Children and adolescents in need of mental health treatment in a residential treatment facility means a child or adolescent under age eighteen who manifests a substantial disorder of cognitive or emotional process, which lessens or impairs to a marked degree that child's capacity either to develop or to exercise age-appropriate or age-adequate behavior. The behavior includes, but is not limited to, marked disorders of mood or thought processes, severe difficulties with self-control and judgment including behavior dangerous to self or other, and serious disturbance in the ability to care for and relate to others.

6. Competing applicants means two or more persons and/or health care facilities as defined in

this regulation who apply for Certificates of Need to provide similar services and/or facilities in the same service area and whose applications if approved would exceed the need for this facility or

service. An application shall be considered competing if it is received by the Department no later than fifteen (15) days after a Notice of Affected Persons is published in the State Register for one or more applications for similar services and/or facilities in the same service area. All applications received by the Department within fifteen (15) days of publication of the Notice of Affected Persons in the State Register for the first application(s) will be considered to be competing. Any applications received by the Department later than the fifteenth day following publication of the Notice of Affected Persons in the State Register for the first application(s) will not be considered to be competing with the(se) application(s).

7. Department means the Department of Health and Environmental Control.

8. Facility for chemically dependent or addicted persons means a facility organized to provide outpatient or residential services to chemically dependent or addicted persons and their families based on an individual treatment plan including diagnostic treatment, individual and group counseling, family therapy, vocational and educational development counseling, and referral services.

9. The federal act means Title VI of the United States Public Health Service Act (the Hill-Burton Construction Program); Title XVI of the United States Public Health Service Act (National Health Planning and Resources Development Act of 1974--Public Law 93-641); grants for all center and facility construction under Public Law 91-211 (community mental health centers' amendments to Title II, Public Law 88-164, Community Mental Health Centers Act); grants for all facility construction under Public Law 91-517 (developmental disabilities services and facilities construction amendments of 1970 to Part C, Title I, grants for construction of facilities for the mentally retarded--Public Law 88-164); and other federal programs as may exist or be enacted which provide for the construction of hospitals or related health facilities.

10. Fees mean the Department may charge and collect fees to cover the cost of operating the program. The fees for review of certificate of need projects include: (a) initial filing fee; (b) application fee; and (c) issuance fee.

- a. Initial filing fee is \$500, which must be submitted as a non-refundable initial payment at the time the application is submitted.
- b. Application fee is one half of one percent (.5%,.005) of the total project cost (as defined in Section 103.2) which is payable when the application is deemed complete under Section 303. The application fee shall not exceed \$7,000.

- c. Issuance fee is \$7,500 payable upon the granting of a certificate of need to any project whose total project cost (as defined in Section 103.25) is greater than \$1,400,000. Should the project not be approved, the issuance fee will not be assessed.

11. Freestanding or Mobile technology means medical equipment owned or operated by a person other than a health care facility for which the total cost is in excess of that prescribed in these regulations and for which specific standards or criteria are prescribed in the State Health Plan.

12. Good cause is defined as:

- a. presentation of significant and relevant information not previously considered by the Department;
- b. demonstration that there have been significant changes in factors or circumstances relied upon by the Department in reaching its decision;
- c. demonstration that the Department has materially failed to follow its adopted procedures in reaching its decision; or
- d. such other basis for a public hearing as the Department determines constitutes good cause.

13. Health care facility means acute care hospitals, psychiatric hospitals, alcohol and substance abuse hospitals, nursing homes, ambulatory surgical facilities, rehabilitation facilities, residential treatment facilities for children and adolescents, habilitation centers for mentally retarded persons or persons with related conditions and any other facility for which Certificate of Need review is required by federal or state law. ***

14. Health service means clinically related, diagnostic, treatment, or rehabilitative services, and includes alcohol, drug abuse, and mental health services for which specific standards or criteria are prescribed in the State Health Plan.

15. Hospital means a facility organized and administered to provide services to accommodate two or more non-related persons for the diagnosis, treatment and care of such persons over a period exceeding 24 hours and provides medical or surgical care or nursing care of illness, injury, or

infirmity and may provide obstetrical care, and in which all diagnoses, treatment, or care is

*** For amended statutory definition, see S.C. Code Ann. §44-7-130(10) (Supp. 2000).

administered by or under the direction of persons currently licensed to practice medicine, surgery, or osteopathy.

16. Institutional health services means health services provided in or through health care facilities and includes the entities in or through which such services are provided.

17. Like equipment with similar capabilities means medical equipment which does not increase the potential volume or type of procedures possible.

18. Nursing home means a facility with an organized nursing staff to maintain and operate organized facilities and services to accommodate two or more unrelated persons over a period exceeding twenty-four hours which is operated either in connection with a hospital or as a freestanding facility for the express or implied purpose of providing nursing care for persons who are not in need of hospital care.

19. Person means an individual, a trust or estate, a partnership, a corporation including an association, joint stock company, insurance company, and a health maintenance organization, a state, a political subdivision or an instrumentality including a municipal corporation of a state, or any legal entity recognized by the State.

20. Psychiatric Hospital means an institution which is primarily engaged in providing to inpatients, by or under the supervision of a physician, psychiatric services for the diagnosis and treatment of mentally ill persons.

21. Residential treatment facility for children and adolescents means a facility operated for the assessment, diagnosis, treatment, and care by two or more persons of 'children and adolescents in need of mental health treatment' which provides:

- a. a special education program with a minimum program defined by the South Carolina Department of Education.
- b. recreational facilities with an organized youth development program; and
- c. residential treatment for a child or adolescent in need of mental health treatment.

22. Solely for research means a service, procedure, or equipment which has not been approved by the Food and Drug Administration (FDA) but which is currently undergoing review by the FDA as an investigational device. FDA research protocol and any applicable Investigational Device Exemption (IDE) policies and regulations must be followed by a facility proposing a project 'solely for research.'

23. To develop when used in connection with health services, means to undertake those activities which on their completion will result in the offering of a new institutional health services or the incurring of a financial obligation in relation to the offering of such a service.

24. To offer when used in connection with health services means that the health care facility holds itself out as capable of providing or as having the means for the provision of, specified health services.

25. Total project cost is the estimated total capital cost of a project including land cost, construction, fixed and moveable equipment, architect's fee, financing cost, and other capital costs properly charged under generally accepted accounting principals as a capital cost. The determination of project costs involving leased equipment or buildings will be calculated based on the total value (purchase price) of the equipment or building being leased.

Section 104. Exemptions:

1. If a person is required to obtain a written exemption from the Department, a letter describing the proposal should be submitted to the Bureau of Health Facilities and Services Development, S.C. Department of Health and Environmental Control, 2600 Bull Street, Columbia, S.C. 29201. It should contain, at a minimum, a project description, capital and/or operational cost, location, and any other information deemed necessary in order for the Department to make a determination. If an exemption is granted, it is valid for a period of six months from the date of issuance. If the proposal is not implemented within this six- month period, the exemption becomes void and another exemption must be requested in order to undertake the proposal.

2. The following are exempt from Certificate of Need:

- a. Health care facilities owned and operated by the federal government;
- b. Any federal health care facility sponsored and operated by this State;
- c. Educational and penal institutions maintaining infirmaries for the exclusive use of their respective student bodies and inmate populations;
- d. Facilities owned and operated by the State Department of Mental Health and the South Carolina Department of Disabilities and Special Needs, except an addition of one or more beds to the total number of beds of the departments' health care facilities existing on July 1, 1988;

- e. The offices of a licensed private practitioner whether for individual or group practice except as provided for in Section 102.1.f; ***
- f. An expenditure by or on behalf of a health care facility for non-medical projects (such as refinancing existing debt, parking garages, laundries, roof replacement, computer systems, telephone systems, and heating and air conditioning systems). Such exemptions must be obtained in writing from the Department.
- g. The upgrading of medical facilities which do not involve additional square feet to the facility or additional health services. Such exemptions must be obtained in writing from the Department.
- h. The replacement of like equipment with similar capabilities, or similar projects. Such exemptions must be obtained in writing from the Department.
- i. Purchases of or agreements to purchase real estate; however, the costs associated with the purchase of real estate must be included in determining the total project cost at the time the real estate is proposed to be developed;
- j. The acquisition by a health care facility of medical equipment to be used solely for research, the offering of an institutional health service by a health care facility solely for research, or the obligation of a capital expenditure by a health care facility to be made solely for research if it does not: (a) affect the charges of the facility for the provision of medical or other patient care services other than the services which are included in the research; (b) change the bed capacity of the facility; or (c) substantially change the medical or other patient care service of the facility. FDA research protocol and any applicable Investigational Device Exemption (IDE) policies and regulations must be followed by the facility. A written description of the proposed research project must be submitted to the department in order for the department to determine if the above conditions are met. A Certificate of Need is required to continue use of the equipment or service after research restrictions are removed;
- k. The permanent reduction in bed capacity. The permanent closure of health care facility shall be considered in this category. A facility must obtain this exemption in writing from the Department in order that it be a valid exemption.

*** For amended statutory exemption, see S.C. Code Ann. §44-7-170(A)(2), SC S.B.419 (2003).

1. The acquisition or change in ownership which does not result in increased depreciation or interest cost or lease cost greater than depreciation and interest cost added together or government sponsored reimbursement. This exemption must be obtained in writing from the Department.

Section 105. Exemption Request:

1. In order to request an exemption, a health care facility should provide the following information in writing to the department:
 - a. A complete description of the proposal, including total project costs;
 - b. Other documentation requested by the department in order to determine compliance with these regulations.
2. Additional information may be requested as may be reasonably necessary to make such exemption determination.

Section 106. State Health Plan:

1. With the advice of the health planning committee, the department shall prepare a State Health Plan for use in the administration of the Certificate of Need Program. The plan at a minimum must include:
 - a. an inventory of existing health care facilities, beds, specified health services, and equipment;
 - b. projections of need for additional health care facilities, beds, health services, and equipment;
 - c. standards for distribution of health care facilities, beds, specified health services, and equipment including scope of services to be provided, utilization, and occupancy rates, travel time, regionalization, other factors relating to proper placement of service, and proper planning of health care facilities; and
 - d. a general statement as to the project review criteria considered most important in evaluating Certificate of Need applications for each type of facility, service and

equipment may outweigh the adverse affects caused by the duplication of any existing facility, service or equipment.

2. The State Health Plan must address and include projections and standards for specified health services and equipment which have a potential to substantially impact health care cost and accessibility. Nothing in this provision shall be construed as requiring the Department to approve any project which is inconsistent with the State Health Plan.

3. Upon approval by the health planning committee, the State Health Plan must be submitted at least once every two years to the Board for final revision and adoption. Once adopted by the Board, the Plan may later be revised through the same planning and approval process, public review and comment, including four regional public hearings before adoption or revision of the Plan. Prior to revising the plan, the Department will publish a notice in the State Register, announcing a period for public comments and scheduling public hearings to receive public comments.

CHAPTER 2 - APPLICATION PROCEDURES

Section 201. Public Notification:

Within twenty days prior to submission of an application, the applicant shall publish notification that an application is to be submitted to the Department in the legal section of a daily newspaper serving the area where the project is to be located for three consecutive days. The notification must contain at least the following information: 1) that a Certificate of Need is being applied for; 2) a description of the scope and nature of the project; and 3) the estimated project capital cost. No application may be accepted for filing by the department unless accompanied by documentation from the newspaper that publication has been made for three consecutive days within the prior twenty- day period.

Section 202. Application:

1. Two copies of the application shall be forwarded to the Department in the following format and shall contain the following information as applicable. The application will be on 8-1/2 X 11 paper, one side only, and 3-hole punched on the left side.

2. Application

a. Part A. Questionnaire (Pages 45 through 48)

b. Part B. Additional Information

- (1) Document that the applicant has published notification of this project in a local newspaper as required by Section 201 of these Regulations.
- (2) Describe the project setting forth the proposed change in services or facilities in as much detail as possible. State whether the project will change the existing licensed or survey bed capacity, will encompass the development of a new service, or result in the discontinuance of an existing service. If a new facility is proposed, list all services to be provided.
- (3) Provide the total cost of the project, indicating design fees, land cost, interest cost, construction cost, equipment cost, and any other cost involved in the project. Provide an estimate of the construction cost from a licensed architect or engineer; in the case of equipment, an estimate from a vendor is acceptable.

- (4) State the specific location of the facility or service and/or equipment, including, where applicable, specific areas of an existing facility to be affected by the project. Provide room numbers of all patient rooms affected. Sufficient detail should be provided to allow the Department to visually inspect the site. The number of private and semi-private patient rooms shall be identified.
- (5) Provide details regarding any proposed construction and/or renovations. Discuss alternatives to new construction and why these alternatives were rejected. For a multi-floor project, construction and/or renovation must be described, by floor, to include any additions and/or deletions made to each floor. Provide evidence that the applicant has adequately planned for any temporary move or relocation of any department, facility, or services, which may be necessary during the construction period. Document that plans exist to assure adequate protection (from fire, noise, dust, etc.) and continuation of all services during the proposed construction period.
- (6) If a replacement facility or ancillary service is being constructed, describe plans for disposition of the existing facility or ancillary service area upon completion of the project.
- (7) Provide a timetable for development and completion of the project to include, at a minimum, the date of site acquisition, date of architectural contract, architectural design schedule, date of closing for financing, date of valid construction contract, date that all necessary permits (grading, building, sewer, etc.) will be obtained, and date of start of construction. The timetable shall be presented in one-month increments commencing with the month following receipt of the Certificate of Need and ending with the execution of a contract or purchase order for equipment only projects.
- (8) Provide the following ownership information:
 - (a) Proposed name of facility;
 - (b) Name and address of licensee or prospective licensee. (Note: The licensee is defined as the legal entity who, or whose governing body, has the ultimate responsibility and authority for the conduct of the facility or service; the owner of the business. The licensee must be the entity to whom the Certificate of Need is issued.)
 - (c) Complete title of the licensee's governing body.

- (d) Name, title and mailing address of presiding officer of the governing body.
- (e) Name and mailing address of all persons and/or legal entities having any ownership interest or owner's equity of the licensee to include a schedule of percent and type ownership claim of each.
- (f) Name and mailing address of all persons and/or legal entities claiming liabilities of the licensee or of the facility or service for which this Certificate of Need is requested to include a schedule of percent and type of claim of each.
- (g) Provide a listing which identifies all officers of the licensee.
- (h) Is the land and/or building on/in which the proposed facility or service is to be conducted owned by the applicant. _____ YES _____ NO. If no, provide information on the land and building similar to that required in (b) through (g) above.
- (i) Has the licensee engaged an entity other than an employee of the licensee to manage or operate the facility or service? _____ YES _____ NO. If yes, provide information similar to that required in (b) through (g) above.
- (j) Is there any agreement, contract, option, understanding, intent or other arrangement that will effect a change in any of the information requested and/or provided in (b) through (g) above. _____ YES _____ NO. If yes, provide information similar to that required in (b) through (g) above.
- (k) Provide a complete listing of all existing licensed health care facilities and/or services and Certificates of Need in which the proposed licensee currently has an ownership interest, to include names and addresses of each facility or service. In the cases of Certificates of Need for undeveloped facilities and services, provide the name, address, and telephone number of a contact person representing the authority which issued the Certificate of Need.
- (l) Should the licensee be a subsidiary corporation, provide a diagram of the licensee's relationship to the parent corporation and list the name and address of the parent corporation as well as the corporation which has ultimate control. In addition, please provide the name and mailing address of all persons and/or legal entities having ownership interest of 5 percent or

more or any person with any agreement, contract, option, arrangement, or intent to acquire ownership interest of 5 percent or more, of all corporations in the corporate organizational structure which have ultimate control of the licensee.

- (9) Provide documentation that the applicant has sought cooperative agreements such as transfer agreements with other facilities, as applicable.
- (10) Indicate the means by which a person will have access to the facility's services (i.e. physician referral, self admission, etc). Identify the specific facilities or agencies the applicant expects to receive referrals from (i.e. hospitals, home health agencies, etc). Describe any limitations placed on admissions.
- (11) Demonstrate that the proposed project is needed or projected as necessary to meet an identified need of the public. This shall address at a minimum: identification of the target population; the degree of unmet need; projected utilization of the proposed facility or service; utilization of existing facilities and services; past utilization of existing similar services within the facility; and justification that the proposed project will not unnecessarily duplicate existing entities. The applicant must show all assumptions, data sources, and methodologies used. The applicant must use population statistics consistent with those generated by the State Demographer, State Budget and Control Board.
- (12) Discuss alternative facilities and/or services considered including the advantages and disadvantages of each alternative. Include a statement as to why this project alternative was adopted.
- (13) Discuss any serious problems, such as costs, availability, or accessibility in obtaining care of the type proposed, experienced by patients in the absence of this project.
- (14) Where a project effects an increase or decrease in bed capacity, provide annual occupancy rates for the facility based on licensed beds, for the past three years by category (i.e. general acute, psychiatric, obstetric, nursing home, etc.).
- (15) Identify the method of financing the cost of the project, including the start-up costs. Provide documentation that the applicant can obtain such financing. Alternative sources and/or methods of financing should be identified and the method chosen demonstrated to be the most feasible option.

- (16) For an addition to an existing facility or service, provide a current annual budget and at least a three fiscal year projected budget for both the overall facility and the proposed project on forms provided by the department. The projections must be developed by an accountant. For a new facility or service, provide a projected annual budget for not less than three fiscal years following the completion of the proposed project on forms provided by the department. The projections must be developed by an accountant. These budgets must at a minimum include how proposed charges, proposed cost of service, utilization, depreciation, reimbursement rates and contractual adjustments were calculated. All assumptions used must be shown.
- (17) Document that the proposed charges for the project are comparable to those established by other facilities for similar services within the health service area or state.
- (18) Document that the proposed project is economically feasible, both immediately and long-term. In the case of existing facilities, what impact will the proposed project have on patient charges and cost per unit of service?
- (19) State how the project will foster cost containment and improve quality of care through the promotion of such services as ambulatory and home health care, preventive health care, promotion of shared services, economies of scale, and design and construction economies.
- (20) In the case of projects involving additional long-term care beds, discuss how the plans of other agencies, organizations, or programs responsible for providing and financing long-term care have been considered.
- (21) Provide a three-year projected manpower budget in full-time equivalents (FTE's) detailing the existing and proposed nursing, other professional, and non-professional personnel required for the staffing of the new project. Include the name of the Nurse Supervisor or Director, if available.
- (22) Provide the number of existing and proposed medical staff by specialty, to include physicians and dentists employed by, or with admission privileges to, the facility. Include the name of the Chief of the Medical Staff, if available.
- (23) Indicate those physicians who have expressed a willingness to utilize the proposed services or to refer patients to the facility for the provision of services.

- (24) Discuss the availability of health manpower resources for the provision of the proposed services, including the contemplated program and plan for recruiting and training personnel.
- (25) Describe the previous experience of the applicant in the proposed health care field. If the applicant has no prior experience, specify the anticipated sources of technical assistance, either from specific individuals or organizations.
- (26) Discuss the impact of the project on the clinical training programs of health professional schools, particularly the extent to which these schools will have access to the services for training.
- (27) Provide any additional information that would assist the department in evaluating this project.

c. Part C. Programmatic Documents

Provide adequate programmatic documents in support of the various elements of the proposed project. These documents will include as appropriate:

- (1) An Indigent Care Plan as required by the Board of Health and Environmental Control. It shall address at a minimum, the following:
 - (a) The existing and proposed admission and treatment policies of the facility or agency with regard to race, sex, creed, national origin, and ability to pay.
 - (b) The proposed admission and treatment policies of the facility or agency with respect to admission and care of indigent patients including those patients unable to pay at the time of admission and those whose benefits expire while in the care of the facility or agency.
 - (c) In existing facilities or agencies, provide the amount, in dollars and percent of gross revenues, that the facility or agency provided in indigent care during the past three fiscal years. NOTE: Indigent care does not include bad debt; contractual adjustments; or care which is reimbursed by a governmental program (Medicare, Medicaid, county indigent program), church, or philanthropic organization.

- (d) Provide the proposed amount of indigent care the facility or agency projects to provide during the existing fiscal year and next fiscal year. This projection should be expressed in both dollars and a percent of gross revenues.
 - (e) A discussion of why the above figures are adequate or inadequate for the needs of the community; the need of indigent care within the proposed service area; and any solutions, remedial plans or proposals by the facility or agency to better address the indigent care problem in the service area. Include any initiatives or undertakings the facility or agency has begun to address the indigent care problem in the proposed service area.
 - (f) Describe any Board or Advisory Board established to implement or control the indigent problem at the facility or agency. Include the Board's functions, responsibilities, and limitations.
- (2) A map of sufficiently large scale to be meaningful, indicating the location of the project site and its geographical area.
 - (3) A plot plan of the project site showing existing buildings, roads, parking areas, walks, service and entrance courts, existing utilities (electricity, telephone, water, railroads, sewer, gas, etc.) and other natural land features necessary for adequate analysis of site conditions.
 - (4) A legal description of the project site indicating its physical characteristics and existing easements.
 - (5) A square foot program of space and/or equipment elements, and scale drawings describing the existing space and proposed alterations and additions.
 - (6) Evidence that the site will be properly zoned for the proposed project.
 - (7) Documentation from appropriate sources that utilities supplied to the site are adequate for the project to include electricity, gas, water, and sewerage.
 - (8) Endorsement from the community that the project is desirable. This may include but is not limited to members of the medical community, citizen's groups, and other health and social service disciplines in the community.

- (9) Documentation that the proposed project has been approved by the health facility's planning committee and governing body.
 - (10) For the facilities or services not licensed by the Department of Health and Environmental Control, provide documentation of coordination and support from the appropriate licensing agency.
- d. Part D. Assurances

The applicant must furnish written assurance of each of the following where applicable:

- (1) That the applicant has or will have a fee simple title or such other estate or interest in the site including necessary easements and rights-of-way, sufficient to assure use and possession for the purpose of the construction and operation of the facility.
- (2) That approval by the department of the final drawings and specifications, which will be prepared by an architect and/or engineer legally registered under the laws of the State of South Carolina, will be obtained.
- (3) That the applicant will submit to the Department for prior approval, changes that substantially alter the scope of work, function, utilities, major items of equipment, safety or cost of the facility during construction.
- (4) That the applicant will cause the project to be completed in accordance with the Certificate of Need application.
- (5) That the applicant will cause the project to be completed in accordance with approved plans and specifications by maintaining competent and adequate architectural and engineering services throughout the construction administration phase of the project. That, at the completion of the project, the architect of record shall be required to issue a statement that to the best of his knowledge and belief, based upon available records, supplemental documents, and periodic observation of the work, the project was constructed according to those documents approved by the Department.
- (6) That the facility will be operated and maintained in accordance with the standards prescribed by law and regulations for the maintenance and operation of such facilities.

- (7) That the applicant understands that the Certificate of Need shall become void at the end of the specified time period from the date of issuance unless otherwise extended under Chapter 6 of these regulations.
- (8) That the Department or its authorized representatives may at any time during the course of construction and upon the completion of the project make an on-site inspection of the construction and equipment to check for compliance of the construction in accordance with the application for which the Certificate of Need was issued.
- (9) That the controlling interest in any health care facility shall not be sold or leased or otherwise disposed of without a Certificate of Need or exemption by the Department being received by the appropriate individual.
- (10) That the applicant will notify the Department in writing that the contractual agreement has been completed. For a construction project, the letter shall indicate that a construction contract specifying the beginning and completion dates of the project, has been signed by both parties. For services projects, the letter should indicate that equipment purchase orders with estimated delivery dates have been properly negotiated.
- (11) That the applicant will notify the Department in writing of the date that a new or expanded services has been implemented, completed or terminated.
- (12) That the applicant will provide monthly progress reports and a final completion report which contain the information required by Section 607 of these regulations.

CHAPTER 3 - DISPOSITION OF APPLICATION

Section 301. Submission of Application:

Two copies of the application along with a non-refundable filing fee of \$500 shall be forwarded to the Bureau of Health Facilities and Services Development, S.C. Department of Health and Environmental Control, 2600 Bull Street, SC, 29201. Applicants are encouraged to involve the Department in the development of proposed projects prior to the submission of an application.

Section 302. Additional Information:

1. After receipt of an application with proof of publication in a local newspaper and the \$500 non-refundable filing fee, the Department shall publish in the State Register a notice that an application has been accepted for filing.

2. Within 30 days from acceptance of an application, the Department will request any additional information pertinent to the project as may be deemed necessary to make the application complete. Should additional information be required for an application to be considered complete, the applicant will have thirty (30) days from the date of the request to submit the requested information. If the applicant does not submit the requested information within 30 days, the application will be deemed to have been withdrawn.

3. Should the applicant within such 30 day period submit incomplete additional information, the Department will have thirty (30) days in which to request further information. If the information requested is not received by the Department within thirty (30) days of this second request, the application will be deemed to have been withdrawn.

Section 303. Payment of Filing and Application Fees:

When the application is determined to be complete, the Department shall invoice the applicant, by certified mail, for the certificate of need application fee. The applicant shall have fifteen (15) days from the date of receipt of the invoice to pay the fee by valid check made payable to the S.C. Department of Health and Environmental Control. Should the application fee not be received within 15 days from receipt of the Department's invoice by the applicant, the application will be considered withdrawn.

Section 304. Relative Importance Criteria:

Upon determination by the Department that an application is complete, the Department shall notify the applicant, by certified mail, of the relative importance of the project review criteria to be used in

reviewing the application. The applicant will have thirty (30) days from the date of receipt of this notice to submit any additional information. If, subsequent to this notice, the Department determines that the relative importance of the review criteria has changed, the Department must again notify the applicant by certified mail. The applicant will have 30 days from receipt of the revised notice to submit any additional information.

Section 305. Review Time Frames:

1. Upon determination by the Department that the application is complete, and receipt of the application fee, the Department shall publish in the State Register a notice that the review cycle for the project has begun. Any affected person who has notified the Department in writing that they desire to be notified of the beginning of the review period be sent a copy of the notification.

2. The Department will make a decision on the complete application within 60 days of the date of publication in the State Register or up to 60 days from the date the applicant received the notification of the relative importance of the project review criteria. The time frame can be extended in the following cases:

- a. Where the applicant requests extension of the review period. The applicant may request a maximum of a 60- day extension. In the case of competing applications, all applicants must agree to the extension requested by an applicant.
- b. Where the Department extends the review period. In such a case, the Department must notify the applicant in writing that the review period has been extended and the reason(s) for the extension. The Department may extend this review period for a maximum of 60 days.

Note: On any one project, only one of the above exceptions to the 60-day review period may be granted.

- c. Where a public hearing is required as described in Section 306. In this case, the Department will render a decision within 60 days from the date of such public hearing.

Section 306. Public Hearing:

A public hearing must be requested in writing by an "affected person" as defined in these regulations within thirty days of the notification of the beginning of a review. Where such a hearing is requested, prior notice of the hearing will be provided to "affected persons." The written

notification of the hearing shall include the proposed schedule for the review, time, date, and place of such hearing. The public hearing shall provide an opportunity for any person to present information relevant to the application.

Section 307. Department Review:

1. The Department may not issue a Certificate of Need unless an application is in compliance with the State Health Plan as described in this regulation, project review criteria, and other regulations which must be identified by the Department. The Department may refuse to issue a Certificate of Need even if an application is in compliance with the State Health Plan but is inconsistent with project review criteria or departmental regulations. The Department must identify any regulation that is used as a basis for denying an application that is in compliance with the Plan.

2. In the case of competing applications, the Department shall award a Certificate of Need, if appropriate, on the basis of which, if any, most fully complies with the requirements, goals, and purposes of the Certificate of Need program, State Health Plan, project review criteria, and any regulations developed by the Department.

Section 308. Department Decision:

1. On the basis of staff review of the record established by the Department, including but not limited to, the application, comments from affected persons and other persons concerning the application, data, studies, literature and other information available to the Department, the staff of the Department shall make a proposed decision to grant or deny the Certificate of Need. The proposed decision becomes the final agency decision within ten days after the receipt of a notice of the proposed decision by the applicant unless a staff reconsideration or contested case hearing is requested pursuant to Chapter 4-Appeals of this Regulation.

2. The Department's proposed decision is not final until the completion of reconsideration or contested case proceedings.

Section 309. Certificate of Need Issuance Fee:

Projects with a total project cost greater than \$1,400,000 will require payment of a certificate of need issuance fee of \$7,500 upon the granting of the certificate of need. An invoice will be enclosed with the certificate which will be sent by certified mail. The Department must receive payment within fifteen (15) days from receipt of the certificate by the applicant for the certificate of need to remain valid.

Section 310. Project Changes During Review Period:

If an applicant amends his application during the review process, the department will determine whether or not the amendment is substantial and constitutes a new application. If the change results in an increase in cost, the fees will be adjusted accordingly.

Section 311. Validity of Certificate of Need Issued:

The Certificate of Need, if issued, is valid only for the project described in the application including location, beds and services to be offered, physical plant, capital or operating costs, or other factors as set forth in the application, except as may be modified in accordance with these regulations. Implementation of the project or operation of the facility or medical equipment that is not in accordance with the Certificate of Need application or conditions subsequently agreed to by the applicant and the Department may be considered a violation of this Regulation.

Section 312. Contact with the Board:

Upon publication of the notice in the local newspaper that an application is being filed and until a contested case hearing is requested pursuant to Section 403 of these regulations:

1. members of the Board and persons appointed by the Board to hear appeals from Department staff decisions may not communicate directly or indirectly with any person in connection with the application; and
2. no person shall communicate, or cause another to communicate, as to the merits of the application with members of the Board and persons appointed by the Board to hear appeals from Department staff decisions.

CHAPTER 4 - APPEALS

Section 401. Notification of Decision:

On the basis of staff review of the record established by the Department, including but not limited to, the application, comments from affected persons and other persons concerning the application, data, studies, literature and other information available to the Department, the staff of the Department shall make a proposed decision to grant or deny the Certificate of Need. Notice of the proposed decision must be sent to the applicant and to affected persons who have requested to be notified. The notification must include the particular reasons for the determination. The proposed decision becomes the final agency decision ten (10) days after the receipt of the notice of the proposed decision by the applicant unless a staff reconsideration is requested or a contested case hearing before the Board is requested.

Section 402. Staff Reconsideration:

1. Any persons showing "good cause," as defined in these regulations, may request a staff reconsideration of the Department's proposed decision. Such request must be made in writing to the department within ten (10) days from the receipt of the notice of the proposed decision by the applicant, stating the specific reasons for such request. A request for staff's reconsideration must provide documentation that "good cause" as defined in Section 103.12 applies. The burden of proof is on the moving party.
2. If "good cause" has been demonstrated, the Department's staff shall reconsider the decision on the proposed project. Notification that the staff will reconsider its decision will be sent to (1) the person making the request for reconsideration; (2) the applicant; and (3) any person upon request.
3. The Department's staff shall reconsider the project and make a decision within 30 days from the receipt of the reconsideration request. If an affected person has already requested to be notified of the Department's decision, the Department will notify him of its reconsideration decision.
4. Following the Department's reconsideration of the project, the applicant or any affected person with standing to contest the granting or denial of an application may request a contested case hearing as provided for in Section 403 of these regulations.

Section 403. Contested Case Hearing:

1. The applicant or other affected person with standing to contest the grant or denial of an application may request a contested case hearing before the Board, or its designee, regarding the Department's decision. Such request must be made in writing to the Department within ten (10)

days from the receipt of the notice of such decision. The burden of proof in a contested case hearing must be upon the moving party. The contested case hearing before the Board or its designee is conducted as a contested case under the Administrative Procedures Act. The issues considered at the contested case hearing are limited to those presented or considered during the staff review and decision-making process. Once a contested case hearing has been requested, any additional applications or appeals will not be considered competing applications.

2. The Board's decision shall become final thirty (30) days after it is mailed, unless any party who participated in the contested case hearing and is adversely affected by the Board's decision, within such thirty-day period, appeals the decision to a court of competent jurisdiction consistent with State Law.

Section 404. Judicial Review:

After the contested case hearing is concluded and a final board decision is made, a party who participated in the contested case hearing and who is affected adversely by the board's decision may obtain judicial review of the decision in the circuit court pursuant to the Administrative Procedures Act.

CHAPTER 5 - GENERAL PROVISIONS

Section 501. Findings of the Department:

In the case of any proposed new institutional health service for the provision of health services to inpatients, the department shall not grant a Certificate of Need, or otherwise make a finding that such proposed new institutional health service is needed, unless:

1. The capital and operating costs of the proposal and their potential impact on patient charges are reasonable;
2. Superior alternatives to such services in terms of cost, efficiency, or appropriateness do not exist and that the development of such alternatives is not practicable;
3. In the case of new construction, alternatives to new construction (e.g., modernization or sharing arrangements) have been considered;
4. Patients will experience serious problems in terms of costs, availability or accessibility, or such other problems as may be identified by the department, in obtaining care of the type proposed in the absence of the project; and
5. In the case of a proposed addition of beds for the provision of nursing care service, the addition is consistent with the plans of other State agencies responsible for provision and financing of long-term care (including home health) services.

Section 502. Periodic Reports:

For the purpose of health planning, health care facilities and others who provide services that requires a Certificate of Need or who have been exempted, shall on an annual basis submit information requested on the applicable Joint Annual Report.

Section 503. Distribution of Procedures Criteria:

The Department shall distribute copies of its proposed and adopted review procedures and criteria, and proposed revisions to statewide health agencies and organizations, any agency which establishes rates for health care facilities in the state, and other persons upon request.

Section 504. Review Under Applicable Plan:

All decisions on Certificate of Need applications shall be made based on the currently approved State Health Plan in effect at the time such application is accepted. Should a new plan be adopted during any phase of the review or appeals process, the applicant shall have the option of withdrawing the application and resubmitting under the newly adopted plan or continuing the review or appeal process under the plan in use when the application was submitted. In cases where applications are withdrawn and resubmitted under the newly adopted State Health Plan within 45 days of the date of withdrawal, no additional filing fee shall be required.

CHAPTER 6 - VOIDANCE AND EXTENSION OF CERTIFICATES OF NEED

Section 601. Voidance and Extension Procedures:

1. The Certificate of Need shall become void six months from the date of issuance, except for projects involving construction or replacement of or major renovations or additions to an acute care hospital. For these projects the Certificate of Need is valid for one year from the date of issuance. In either case, the Certificate of Need becomes void if a valid construction contract (or appropriate purchase order for service projects) is not properly negotiated.
2. A Certificate of Need must be issued with a timetable submitted by the applicant, and approved by the Department, to be followed for completion of the project. The holder of the Certificate of Need must submit progress reports documenting compliance with the aforementioned timetable. Failure to meet the timetable results in the revocation of the Certificate of Need by the Department unless the Department determines that extenuating circumstances beyond the control of the holder of the Certificate of Need are the cause of the delay. If the applicant has not met the approved timetable, documented evidence that extenuating circumstances beyond the control of the holder of the Certificate of Need should be provided to the Department. This information can also be included in a request for an extension as provided in Section 602.
3. The Department may grant up to two extensions of up to six months each. In order to obtain an extension, the applicant must have demonstrated substantial progress and must either be complying with the approved timetable or have submitted documentation satisfactory to the Department that extenuating circumstances beyond the control of the applicant have prevented compliance with the timetable. If a valid construction contract (or appropriate purchase order for service projects) is not properly negotiated after the six-month extension period, the Certificate of Need will expire and become void.
4. However, the Board may grant further extensions of the Certificate of Need of up to six months each if it determines that substantial progress has been made. A request to the Board must be made at least three months prior to the expiration of the Certificate of Need and must contain justification for such extension.

Section 602. Extension Request:

1. A Certificate of Need extension shall be requested by the applicant at least thirty (30) days before the expiration date and shall contain such information as the Department may reasonably require.
2. This information shall include at least the following:

- a. A detailed description of any changes in the configuration, costs, services, or scope of the project.
- b. A detailed description and documentation of any progress on the project including preparation of construction drawings, the securing of necessary funds and building permits, and commencement of any construction.
- c. An estimated timetable for commencement and completion of all remaining components of the project.
- d. Documentation of compliance with the approved timetable or documented evidence that extenuating circumstance beyond the control of the applicant if the timetable was not met.

Section 603. Criteria for Extension:

The following criteria shall be used to determine whether substantial progress has been made by the applicant:

1. Site procurement: The applicant should have made definitive progress toward permanent acquisition of the intended site. Such progress may include purchase of property previously under option or consummation of long-term lease agreements.
2. Architectural Progress: The facility architect should have been employed and definitive progress should be made toward development of final drawings.
3. Financial Status: The applicant should document definitive progress toward finalizing any necessary loans or lease-purchase arrangements.
4. The applicant should provide reasonable assurance that the project will be under construction or implemented within the requested extension time frame.

Section 604. Non-Transferability of Certificate of Need:

1. A Certificate of Need is nontransferable. A Certificate of Need or rights thereunder may not be sold, assigned, leased, transferred, mortgaged, pledged, or hypothecated, and any actual transfer or attempt to make a transfer of this sort results in the immediate voidance of the certificate of need. The sale or transfer of the controlling interest or majority ownership in a corporation, partnership, or other entity holding, either directly or indirectly, a Certificate of Need, results in the transfer and

voidance of a Certificate of Need.

2. Anyone having their Certificate of Need voided in this manner shall not be eligible to apply for a new Certificate for a period of one (1) year without Board approval.

Section 605. Project Changes After Receipt of Certificate of Need:

If an applicant amends or alters his project after receipt of a Certificate of Need, the department will decide whether or not the amendment is substantial and thereby constitutes a new project.

Section 606. Maximum Capital Expenditures:

In issuing a Certificate of Need, the department shall specify the maximum capital expenditure obligated under the certificate. A project is approved for the amount specified in the application with cost overruns being reviewed on an individual basis by the department.

Section 607. Periodic Reporting of Certificate of Need Implementation:

1. The applicant is required to submit a monthly progress report that corresponds with the timetable included in the Certificate of Need application beginning 30 days after receipt of the Certificate of Need. Failure to meet the timetable results in the revocation of the Certificate of Need by the Department unless a determination is made by the Department that circumstances beyond the control of the holder of the Certificate of Need are the cause of the delay.

2. The applicant shall report on, if applicable: (1) costs incurred on the project; (2) construction activity; (3) program or service activity; and (4) any deviations from the submitted application with supporting documentation.

3. After the project has been fully implemented, the applicant shall provide the Department with a final completion report that contains, at a minimum:

- a. An audited cost report that shows all expenditures on the approved project;
- b. A list of average charges and costs for the services approved in the application and documented by affidavit, certification or other proof;
- c. A registered architect's or engineer's signed statement of final construction costs;
- d. An equipment listing and inventory for the project;

- e. A program and/or service narrative describing the final project configuration; and
 - f. An explanation of any deviation from the approved application with justification, or a signed statement from the applicant that the project was implemented as outlined in the application.
4. Records relating to the project shall be maintained by the applicant for seven (7) years following the completion of the project and these records shall be made available to the Department's auditors for inspection as needed.
5. The Department may audit any project for consistency with the information provided in the Certificate of Need application. Undertaking a project that is not in accordance with the approved application or conditions or amendments subsequently agreed to by the applicant and the Department may be considered a violation of this article.

CHAPTER 7 - PENALTIES FOR NON-COMPLIANCE

Section 701. Health Services to be Offered or Developed:

Only those applications found to be needed shall be granted a Certificate of Need. Only those health services which are granted Certificates of Need shall be offered or developed within the State and no expenditure exceeding \$4,000,000 shall be made in preparation for the offering or developing of a health service by or on behalf of any health care facility unless a Certificate of Need has been granted. Expenditures in preparation for the offering or development of a health service shall include expenditures for studies, surveys, designs, plans, working drawings, and specifications which are essential to the offering or development of the service. No arrangement or commitment for financing the offering or development of the health service shall be made by any person unless a Certificate of Need for such service has been granted.

Section 702. Penalties:

Undertaking any activity requiring certificate of need review, as defined in Section 102 of these regulations, without prior approval of the Department evidenced by the issuance of a Certificate of Need shall be grounds for the denial, suspension, or revocation of a license, or other penalties, under the provisions of Sections 44-7-320 through 44-7-340 of the Code of Laws of South Carolina, as amended. Any violation of this regulation is subject to provisions set forth in the statute.

CHAPTER 8 - PROJECT REVIEW CRITERIA

Section 801. Applicability and Weighting:

1. The criteria listed in Section 802 are to be used in reviewing all projects under the Certification of Need program. These criteria have been grouped under the following general categories:

Need for the Proposed Project	(Section 802.1 through 802.4)
Economic Consideration	(Section 802.5 through 802.19)
Health System Resources	(Section 802.20 through 802.25)
Site Suitability	(Section 802.26 through 802.30)
Special Consideration	(Section 802.31 through 802.33)

2. The Department shall notify the applicant of the relative importance of the project review criteria to be used in reviewing the application. The relative importance assigned to each specific criterion is established by the Department depending upon the importance of the criterion applied to the specific project. The relative importance must be consistent for competing projects.

3. A project does not have to satisfy every criterion in order to be approved, but no project may be approved unless it is consistent with the State Health Plan. A project may be denied if the Department determines that the project does not sufficiently meet one or more of the criteria.

Section 802. Criteria for Project Review:

1. Need:

The proposal shall not be approved unless it is in compliance with the State Health Plan.

2. Community Need Documentation:

- a. The target population should be clearly identified as to the size, location, distribution, and socioeconomic status (if applicable).
- b. Projections of anticipated population changes should be reasonable and based upon accepted demographic or statistical methodologies, with assumptions and methodologies clearly presented in the application. The applicant must use population statistics consistent with those generated by the State Demographer, State Budget and Control Board.

- c. The proposed project should provide services that meet an identified (documented) need of the target population. The assumptions and methods used to determine the level of need should be specified in the application and based on a reasonable approach as judged by the reviewing body. Any deviation from the population projection used in the State Health Plan should be explained.
- d. In the case of a reduction, relocation, or elimination of a facility or service, the applicant should address the need that the population presently has for the service, the extent to which that need will be met by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination, or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, the elderly, handicapped persons, and other underserved groups, to obtain needed health care.
- e. Current and/or projected utilization should be sufficient to justify the expansion or implementation of the proposed service.

3. Distribution (Accessibility):

- a. Duplication and modernization of services must be justified. Unnecessary duplication of services and unnecessary modernization of services will not be approved.
- b. The proposed service should be located so that it may serve medically underserved areas (or an underserved population segment) and should not unnecessarily duplicate existing services or facilities in the proposed service area.
- c. The location of the proposed service should allow for the delivery of necessary support services in an acceptable period of time and at a reasonable cost.
- d. The proposed facility should not restrict admissions. If any restrictions are applied, their nature should be clearly explained.
- e. The applicant must document the means by which a person will have access to its services (e.g. outpatient services, admission by house staff, admission by personal physician).

- f. The applicant should address the extent to which all residents of the area, and in particular low income persons, racial and ethnic minorities, women, the elderly, handicapped persons, and other medically underserved groups, are likely to have access to those services being proposed.
 - g. The facility providing the proposed services should establish provisions to insure that individuals in need of treatment as determined by a physician have access to the appropriate service, regardless of ability to pay.
 - h. Potential negative impact of the proposed project upon the ability and/or resources of existing providers to serve medically underserved groups must be considered.
- 4. Acceptability:
 - a. The proposal and applicant should have the support of "affected persons" (including local providers and the target population). The lack of opposition should not be considered support for the purposes of these criteria.
 - b. Where documented opposition exists to a proposal, such opposition will be considered along with the application.
 - c. Possible transfer agreements should be confirmed and an intent to negotiate these arrangements should be documented by all parties.
 - d. The applicant should document the initiation of any other required reviews or agency check-offs.
- 5. Financial Entries and Assumptions:

All financial entries and assumptions contained in the application must be provided by an accountant who stands behind the reliability of this financial information.
- 6. Projected Revenues:
 - a. The proposed charges should be comparable to those charges established by other facilities for similar services within the service area or state. The applicant should document how the proposed charges were calculated.

- b. The projected levels of utilization should be reasonably consistent with those experienced by similar facilities in the service area and/or state. In addition, projected levels of utilization should be consistent with the need level of the target population.
- c. The projected collection and reimbursement rates should be reasonably consistent with those experienced/utilized by similar facilities.
- d. Failure to provide contingency plans for any known factor which would jeopardize the stability of the revenue projections shall be grounds for rejection of the budget.

7. Projected Expenses:

Projections of construction costs, start-up costs, operating costs, debt service, depreciation, manpower costs, etc. should be consistent with those experienced by similar facilities offering a similar level and scope of services (with proper consideration given to such factors as inflation, cost of capital, etc.).

8. Beginning Cash Flow:

The applicant must have documented the availability of resources or sources of funds sufficient to cover capital requirements and start-up costs. The schedule of utilization and net revenues must be detailed with assumptions explicitly present.

9. Net Income:

The project should show an improvement in its net revenue position over time, especially the first three years, until a steady, positive net income trend is attained. Any projected deviations from this pattern should be explained.

10. Debt Service:

- a. Debt service (interest cost plus payment toward principal) should not be so large as to cause a negative net income.
- b. Characteristics of the debt (interest, prepayment arrangements, etc.) should be consistent with those arrangements used by other health service entities in the State and consistent with accepted good business practices in terms of assumption and retirement of debt.

- c. The applicant must document the impact the project will have on the facility's proposed level of patient charges.
- 11. Methods of Financing:
 - a. Possible alternatives should be identified.
 - b. Reasons for the selection of the proposed funding method should be stated and reasonable.
- 12. The applicant should demonstrate an ability to obtain the desired capital. The applicant must provide at least conditional commitment from an appropriate institution.
- 13. Record of the Applicant (Owner and/or Administrator):
 - a. The applicant's record should be one of successful operation with adequate management experience.
 - b. The applicant should have a demonstrated ability to obtain necessary capital financing.
 - c. If the applicant has no prior experience, sources of assistance should be specified (i.e. technical assistance from specific individuals or organizations).
 - d. The applicant's record or his representative's record of cooperation and compliance with State and Federal regulatory programs will be considered.
- 14. Ability to Complete the Project:
 - a. The applicant should have demonstrated that the project can be initiated and completed within the proposed time frame specified in the application.
 - b. The financial schedules and time frames contained in the application should be consistent with those usually experienced in the development of similar facilities or services.
- 15. Financial Feasibility:

The applicant must have projected both the immediate and long-term financial feasibility of the proposal. Such projection should be reasonable and based upon accepted accounting procedures.

16. Cost Containment (Minimizing Costs):

- a. The applicant should have identified and sought alternative sources and/or methods of funding and demonstrated that the method chosen was the most feasible option.
- b. If the applicant had the option of lease or purchase, with all other factors being equal, he should demonstrate that his choice is the least costly in the long run.
- c. The impact of the project upon the applicant's cost to provide services and the applicant's patient charges should be reasonable. The impact of the project upon the cost and charges of other providers of similar services should be considered if the data are available.

17. Efficiency:

The proposed project should improve efficiency by avoiding duplication of services, promoting shared services, and fostering economies of scale or size.

18. Physical Design:

The proposed project should foster economies of design by use of design characteristics such as improved access and circulation within the facility, the relationship of services within the facility, and the use of shared space for centralized supply, storage, and common activities.

19. Alternative Methods:

- a. The applicant should have considered any available or more effective alternatives which exist to the proposed service such as the use of less costly alternatives, outpatient services, shared services, or extended hours of service.
- b. For new construction projects, modernization of existing facilities should be considered as an alternative, and the rejection of this alternative by the applicant should be justified.

20. Staff Resources:

- a. The applicant should have a reasonable plan for the provision of all required staff (physicians, nursing, allied health and support staff, etc.).

- b. The applicant should demonstrate that sufficient physicians are available to insure proper implementation (e.g. utilization and/or supervision) of the project.
- c. If the applicant presently owns existing facilities or services, he should demonstrate a satisfactory staffing "track record."
- d. Alternative uses of resources for the provision of other health services should be identified and considered.

21. Support Services and Equipment:

- a. Support services and equipment necessary to implement and sustain the proposed service should be identified, accessible, and of sufficient capacity.
- b. Where possible, projects should utilize equipment already available and accessible to the population to be served.

22. Distribution:

The existing distribution of the health service(s) should be identified and the effect of the proposed project upon that distribution should be carefully considered to functionally balance the distribution to the target population.

23. Adverse Effects on Other Facilities:

- a. The impact on the current and projected occupancy rates or use rates of existing facilities and services should be weighed against the increased accessibility offered by the proposed services.
- b. The staffing of the proposed service should be provided without unnecessarily depleting the staff of existing facilities or services or causing an excessive rise in staffing costs due to increased competition.

24. Adverse Effects on Training Programs:

The proposed delivery of health services should not adversely affect the ability of local health professional training programs to meet their clinical needs.

25. Access:

If the proposed health services are to be available in a limited number of facilities, the extent to which the health professions schools in the area will have access to the services for training purposes should be clearly delineated in the proposal.

26. Zoning:

The proposed site must comply with local zoning regulations. Documentation should be provided from the appropriate zoning authorities that the proposed site is or can be zoned for the intended use.

27. Utilities:

The utilities necessary for the facility to operate should be available on site or the application should state provisions made for bringing these utilities on site or providing alternatives such as wells or sewage treatment plants. Applicants should document the availability of needed utilities. The cost of such provisions should be detailed in the financial section of the application.

28. Site Size:

Documentation should be provided that all of the property intended for use is available to the applicant. Consideration may also be given to the suitability of the proposed site for any expansion of services included in the applicant's long-range plans.

29. Environmental Hazard:

The proposed facility should not be located on a site where environmental conditions would either create a health hazard or aggravate an existing health condition in individuals served by the facility.

30. Square Footage:

Space allocations should conform to applicable local, state, and federal regulations or minimum standards. For all projects, state or other applicable licensing standards must be met by the proposal.

31. Medically Underserved Groups:

- a. The applicant should address the contribution of the proposed service in meeting the health needs of members of medically underserved groups which have traditionally experienced difficulties in obtaining equal access to health services (e.g. low income persons, racial and ethnic minorities, women, the elderly, and handicapped persons), particularly those needs identified in the applicable State Health Plan as deserving of priority.
- b. The extent to which medically underserved populations currently use the applicant's services should be considered in comparison to the percentage of the population in the applicant's service area which is medically underserved, and the extent to which medically underserved populations are expected to use the proposed services if approved.
- c. Consideration of the documented performance of the applicant in meeting its obligation, if any, under any applicable Federal regulations requiring provision of uncompensated care, indigent care plan, community service, or access by minorities and handicapped persons to programs receiving Federal financial assistance (including the existence of any civil rights access complaints against the applicant) should be given.
- d. Consideration should be given to the extent to which Medicare, Medicaid, and medically indigent patients are served by the applicant.

32. Other Entities:

Consideration should be given to the special needs and circumstances of those entities which provide a substantial portion of their services or resources, or both, to individuals not residing in the health service areas in which the entities are located or in adjacent health service areas. These entities may include medical and other health professions schools, multidisciplinary clinics, and specialty centers.

33. Elimination of Safety Hazards:

The Department shall issue a Certificate of Need for a proposed capital expenditure if it is required to eliminate or prevent imminent safety hazards as defined by Federal, State, or local fire, building, or life safety codes or regulations; or to comply with State Licensure standards; or to comply with accreditation or certification standards which must be met to receive reimbursement under Title

XVIII of the Social Security Act or payments under a State Plan for medical assistance approved under Title XIX of that Act, provided the Department has determined that the facility or service for which the capital expenditure is proposed is needed and the obligation of the capital expenditure is consistent with the State Health Plan. Those portions of a proposed project which are not required to eliminate or prevent safety hazards or to comply with licensure, certification, or accreditation standards shall be reviewed against each of the applicable criteria for project review.

APPLICATION FOR CERTIFICATION OF NEED
FOR A HEALTH FACILITY OR SERVICE

Proposal Prepared By:

Name: _____

Title: _____

Organization: _____

Address: _____

City: _____ State: _____

Zip Code: _____ Telephone Number: _____

The Applicant hereby certifies that the information contained in this Application, including all assurances and attachments, are correct to the best of his knowledge and belief.

Signature: _____

Date: _____

Forward to:

**Bureau of Health Facilities and Services Development
S.C. Department of Health and Environmental Control
2600 Bull Street, Columbia, S.C. 29201**

APPLICATION FOR CERTIFICATION OF NEED
FOR A HEALTH FACILITY OR SERVICE

NOTE: A "complete" application shall include a written narrative report by the applicant (Regulation 61-15, Section 202).

PART A - QUESTIONNAIRE (Page 1)

1. Name of Facility

2. Address, City, County, State, Zip Code

3. Type of Facility (Circle)

A. Hospital

B. Nursing Home

C. Psychiatric
Facility

D. Rehabilitation

E. Substance
Abuse
Facility

F. Ambulatory
Surgery
Facility

G. Other (Specify)_____

4. Purpose of Review (Circle)

A. New Facility

B. Change of
Licensure

C. Addition to
Existing Facility

D. Renovation of
Existing Facility

E. Change of
Services

F. Other (Specify)

PART A - QUESTIONNAIRE (Page 2)

5. Management

- A. Name of Administrator B. Address, City, State, Zip Code
- C. Telephone D. Name of Licensee

6. Ownership or control of the facility (attach a list of names and addresses of the owners of the facility, indicating percent of ownership of each owner, the person responsible for the proposal, and the attorney(s) representing the proposal). Circle the appropriate information regarding ownership.

- A. Individual B. Partnership C. Corporation D. Proprietary
- E. Non-Profit F. Government (Specify) G. Other (Specify)
- _____

7. Is the Proposed Site of the Property?

- A. Owned B. Leased C. Length of Site Lease _____
- D. Option E. Length of Option _____
- F. Name and Address of Owner(s) of Real Property

PART A - QUESTIONNAIRE (Page 3)

8. Total Bed Capacity for Which Application is Made:

Existing Facilities

	New Facility Only	Existing Beds	# Gained or Lost	Bed Total
Type of Beds				
A. Medical/Surgical				
B. Obstetrics				
C. Pediatrics				
D. Substance Abuse				
E. Psychiatric				
F. Rehabilitation				
G. Nursing Care				
H. RTC's				
I. ICU/CCU				
J. Other				
K. TOTAL				

PART A - QUESTIONNAIRE (Page 4)

9. Construction and Site	
A. Type of Construction	B. Number of Buildings C. Number of Stories
D. Size of the Site in Acres	E. Square Footage of the Facility
F. Anticipated Date of Beginning Construction	G. Anticipated Date of Licensing or Project Completion
10. Zoning of Construction Site	
11. Costs (Provide Estimated Cost Statement from Either the Architect or Engineer)	
A. Land Cost	B. Construction Cost
C. Architect's Fee E. Financing Cost During Construction	D. Equipment Costs 1) Fixed Equipment 2) Movable Equipment
F. Other Costs	G. Total Project Cost
H. Construction and Equipment Cost 1) Per Square Foot 2) Per Bed	